

**G. B. COOLEY HOSPITAL SERVICE DISTRICT**

**Financial Report  
For the Years Ended June 30, 2012 and 2011**

**G. B. COOLEY HOSPITAL SERVICE DISTRICT**

**MONROE, LOUISIANA**

**Basic Financial Statements  
As of and for the Years Ended June 30, 2012 and 2011  
With Supplemental Information Schedules**

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# LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)  
CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

The Board of Commissioners  
G. B. Cooley Hospital Service District  
West Monroe, Louisiana

We have audited the accompanying financial statements of the business-type activities of G. B. Cooley Hospital Service District (a component unit of the Ouachita Parish Policy Jury- the Hospital) as of and for the years ended June 30, 2012 and 2011, which collectively comprise the Hospital's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Hospital as of June 30, 2012 and 2011, and the respective changes in financial position and, where applicable, cash flows thereof, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2012 on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**The Board of Commissioners  
G. B. Cooley Hospital Service District**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hospital's financial statements as a whole. The Schedule of Per Diem Paid Board Members is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Per Diem Paid Board Members is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

*Huffman, Huffman, Reynolds, & Sengman*

**(A Professional Accounting Corporation)**

**December 10, 2012**

## **REQUIRED SUPPLEMENTAL INFORMATION**

## **G.B. COOLEY HOSPITAL SERVICE DISTRICT MANAGEMENT DISCUSSION & ANALYSIS**

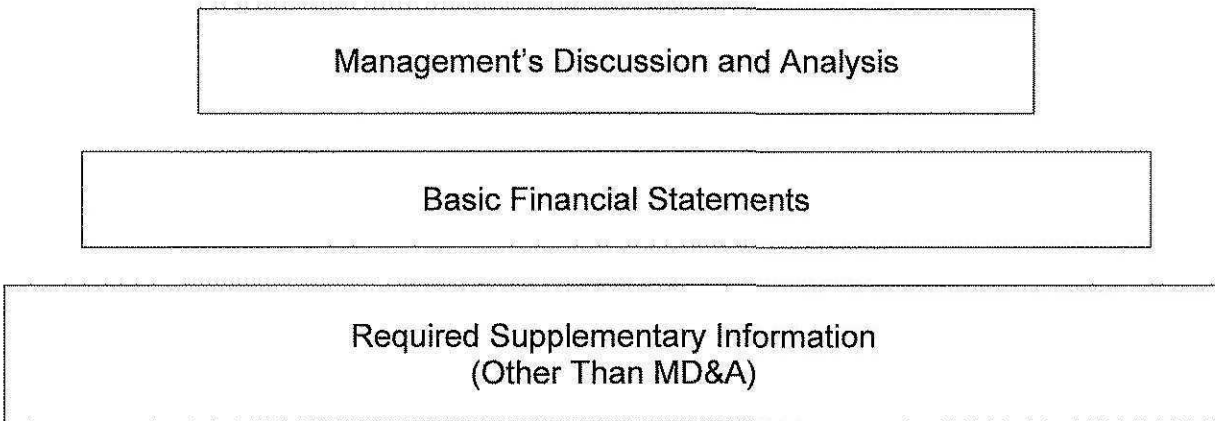
Our discussion and analysis of G. B. Cooley Hospital Service District's (the Hospital) financial performance provides an overview of the Hospital's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the Hospital's basic financial statements, which begin on page 8.

### **FINANCIAL HIGHLIGHTS**

- The Hospital's total net assets (that is the amount by which total assets exceed liabilities) was in the amount of \$7,715,789 at the close of fiscal year 2012, which represents a \$1,122,333 (or a 17.0%) increase from last year.
- The Hospital's operating revenue is generated primarily by state grants and is based on each client's Inventory for Client and Agency Planning (ICAP) daily rate. Operating revenue is generally subject to the number of residents housed and the level of care required and can fluctuate but is generally consistent from year to year. The Hospital's operating revenues increased by \$ 80,456 (or .7%).
- The Hospital's nonoperating revenues consist primarily of ad valorem tax (97.6%), interest income (.003%), and other income (2.3%). Ad valorem tax revenue is related to taxes on property in Ouachita Parish and collected by the Ouachita Parish Sheriff, and thus is more subject to fluctuation from year to year. Interest income is based on market rates established by financial institutions.
- The Hospital's expenses increased by \$580,033 (or 5.52%) from \$10,504,254 last fiscal year to \$11,084,287 this fiscal year as a result of offsetting increases and decreases in cost.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The graphic below illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by the Governmental Accounting Standards Board in GASB 34, Basic Financial Statements-and Management's Discussion and Analysis.



## G. B. COOLEY HOSPITAL SERVICE DISTRICT MANAGEMENT DISCUSSION & ANALYSIS

This financial report consists of two sections – Management’s Discussion and Analysis (this section), the basic financial statements (including the related notes to the financial statements), and required supplementary information, as may be applicable. Other than the MD&A, in the Hospital’s case, there is no required supplementary information applicable.

### Basic Financial Statements

The basic financial statements present information for the Hospital as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statements of Net Assets; the Statements of Revenues, Expenses, and Changes in Net Assets; and the Statements of Cash Flows.

The Statements of Net Assets (page 8) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Hospital is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Net Assets (page 10) presents information showing how the Hospital’s assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statements (page 12) presents information showing how the Hospital’s cash changed as a result of current year operations. The cash flow statement is prepared using the direct method. It includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (the “indirect method”) as required by GASB 34.

### FINANCIAL ANALYSIS OF THE HOSPITAL AS A WHOLE

#### STATEMENTS OF NET ASSETS

	Total		
	2012	2011	% Change
Current and Other Assets	\$ 5,595,771	\$ 4,914,508	13.86%
Capital Assets	4,153,699	3,873,806	7.23%
Total Assets	9,749,470	8,788,314	
Current and Other Liabilities	934,066	970,802	-13.86%
Long-Term Obligations	1,099,618	1,223,856	-7.23%
Total Liabilities	2,033,684	2,194,658	
Net Assets:			
Invested in Capital Assets	2,782,748	2,423,448	14.83%
Unrestricted	4,933,241	4,170,208	18.30%
Total Net Assets	\$ 7,715,989	\$ 6,593,656	



## G. B. COOLEY HOSPITAL SERVICE DISTRICT MANAGEMENT DISCUSSION & ANALYSIS

Unrestricted net assets are those that do not have any specified limitation on what these amounts may be used for, therefore, the net assets are available for future operations. Net Assets increased by \$1,122,333 from June 30, 2011 to June 30, 2012. The Board planned for a reduction in operations through the budget process.

	Total	
	2012	2011
Operating Revenues	\$ 10,852,327	\$ 10,771,871
Operating Expenses	<u>11,084,287</u>	<u>10,504,254</u>
Operating Loss	(231,960)	267,617
Nonoperating Revenues and Expenses	<u>1,354,293</u>	<u>1,338,169</u>
Increase (Decrease) in Net Assets	<u>\$ 1,122,333</u>	<u>\$ 1,605,786</u>

Operating revenues increased by \$80,456 while operating expenses increased by \$606,530. Net nonoperating revenue increased by \$16,122. Operating expenses increased significantly in salaries and related benefits (\$446,625) and facility maintenance (\$91,782).

### CAPITAL ASSETS AND DEBTS

#### Capital Assets

At the end of the fiscal year, there was a book balance of \$4,153,699 (that is a balance of \$6,602,202 net of accumulated depreciation of \$2,448,503) invested in capital assets that consisted of land, buildings, vehicles, equipment, and furniture and fixtures. There was \$711,721 in additions to vehicles, furniture and fixtures, equipment, building and land.

#### Debts

The Hospital has outstanding obligations relating to compensated absences (accrued vacation, sick, and compensatory leave), certificates of indebtedness related to the acquisition and renovation of community homes and the purchase of new office facilities, and capital leases of vehicles and equipment. All are described in the notes to the financial statements.

### CONTACTING THE HOSPITAL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the Hospital's finances and to show the Hospital's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Hospital's executive officer at 211 North Third Street, Monroe, LA 71201.



## **BASIC FINANCIAL STATEMENTS**

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS**  
**STATEMENTS OF NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>June 30,</u>	
	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents (Note 2)	\$ 4,037,415	\$ 3,471,204
Investments (Note 2)	66,453	65,955
Receivables, Net of Allowance for Doubtful Accounts of \$11,869 and \$11,869 (Note 3)	1,290,570	1,164,328
Prepaid Items	<u>79,287</u>	<u>80,321</u>
Total Current Assets	\$ 5,473,725	\$ 4,781,808
 <b>Restricted Assets</b>		
Restricted Cash and Equivalents (Note 6)	122,046	132,700
 <b>Property and Equipment, Net (Note 4)</b>	<u>4,153,699</u>	<u>3,873,806</u>
 <b>TOTAL ASSETS</b>	 <u>\$ 9,749,470</u>	 <u>\$ 8,788,314</u>

The accompanying notes are an integral part of these financial statements.

June 30,	
2012	2011

## LIABILITIES AND NET ASSETS

### Current Liabilities (payable from current assets)

Accounts Payable	\$ 233,734	\$ 178,122
Accrued Payroll	56,976	195,797
Withholding and Payroll Taxes Payable	123,722	72,323
Other Liabilities	11,932	13,349
Accrued Vacation and Sick Pay, Current Portion (Note 7)	100,425	133,769
Current Portion of Long-term Obligations (Note 9)	285,028	244,742
Total Current Liabilities	\$ 811,817	\$ 838,102

### Payable from Restricted Assets

Individuals' Funds Liability (Note 6)	122,046	132,700
Total Noncurrent Liabilities	\$ 122,046	\$ 132,700

### Long - Term Liabilities

Accrued Vacation and Sick Pay, Net of Current Portion (Note 7)	13,694	18,241
Long-term Obligation, Net of Current Portion ( Note 9)	1,085,924	1,205,615
Total Long-Term Liabilities	1,099,618	1,223,856
Total Liabilities	\$ 2,033,481	\$ 2,194,658

### Net Assets

Invested in Capital Assets, Net of Related Debt	2,782,748	2,423,448
Unrestricted Net Assets	4,933,241	4,170,208

Total Net Assets	\$ 7,715,989	\$ 6,593,656
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**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS**  
**STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2012 and 2011**

	June 30,	
	2012	2011
<b>Operating Revenues</b>		
Charges for Services:		
Intergovernmental Revenues		
State of Louisiana		
Title XIX Residential Program	\$ 8,237,296	\$ 8,314,996
Title XIX Waiver Program	1,818,911	1,646,914
Total Intergovernmental Revenues	<u>10,056,207</u>	<u>9,961,910</u>
Private Revenue		
Residential Program	679,454	673,529
Other Services Revenues		
Employment Services	116,665	136,432
Total Operating Revenues	<u>\$ 10,852,326</u>	<u>\$ 10,771,871</u>
<b>Operating Expenses</b>		
Salaries	5,937,843	5,668,071
Payroll Taxes and Benefits	1,313,097	1,136,244
Supplies	413,483	479,770
Travel and Mileage	234,880	199,880
Food	305,761	281,227
Facility	827,317	735,535
Insurance	439,868	398,817
Professional Fees	1,113,330	1,127,132
Depreciation	431,839	408,483
Interest Expense	66,869	69,095
Total Operating Expenses	<u>\$ 11,084,287</u>	<u>\$ 10,504,254</u>
<b>Operating Profit (Loss)</b>	<u>\$ (231,961)</u>	<u>\$ 267,617</u>

CONTINUED

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS (CONCLUDED)  
FOR THE YEARS ENDED JUNE 30, 2012 and 2011**

	June 30,	
	2012	2011
<b>Nonoperating Revenues and Expenses</b>		
Ad Valorem Tax Revenues	1,322,353	1,277,036
Interest Income	3,788	7,816
Rental Income	12,000	12,000
Miscellaneous Income	16,153	25,165
Gain on Disposal of Property and Equipment	-	16,152
Excess of Nonoperating Revenues Over Nonoperating Expenses	1,354,294	1,338,169
<b>Changes in Net Assets</b>	1,122,333	1,605,786
<b>Net Assets at Beginning of Year</b>	6,593,656	4,987,870
<b>Total Net Assets at End of Year</b>	\$ 7,715,989	\$ 6,593,656

The accompanying notes are an integral part of these financial statements.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	June 30,	
	2012	2011
<b>Cash Flow from Operating Activities</b>		
Cash Received from Intergovernmental Agencies	\$ 9,927,617	\$ 9,889,762
Cash Received from Patients and Others	796,558	812,978
Payments to Employees for Services and Benefits	(7,376,253)	(6,833,672)
Payments to Suppliers	(3,279,410)	(3,315,107)
Net Cash Flow Provided by Operating Activities	<u>68,512</u>	<u>553,961</u>
<b>Cash Flow From Noncapital Financing Activities</b>		
Tax Revenues	1,324,259	1,286,731
Miscellaneous Income	16,151	25,164
Net Cash Flow Provided by Noncapital Financing Activities	<u>1,340,410</u>	<u>1,311,895</u>
<b>Cash Flow From Capital and Related Financing Activities</b>		
Proceeds from Sale of Assets	-	16,829
Purchases of Property, Plant and Equipment	(522,321)	(404,914)
Interest Expense	(66,869)	(69,095)
Payment on Debt	(268,812)	(295,929)
Net Cash Flow Used by Capital and Related Financing Activities	<u>(858,002)</u>	<u>(753,109)</u>
<b>Cash Flow from Investing Activities</b>		
Net Purchase of Investments	(498)	(654)
Rental Income	12,000	12,000
Interest Income	3,789	7,816
Net Cash Flow Provided by Investing Activities	<u>15,291</u>	<u>19,162</u>
<b>Increase in Cash and Cash Equivalents</b>	566,211	1,131,909
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>3,471,204</u>	<u>2,339,295</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 4,037,415</u>	<u>\$ 3,471,204</u>
<b>Noncash Capital and Related Financial Activities</b>		
Additions to Fixed Assets Through Capital Lease	\$ 189,400	\$ 135,024
<b>Total Noncash Capital and Related Financing Activities</b>	<u>\$ 189,400</u>	<u>\$ 135,024</u>

CONTINUED

The accompanying notes are an integral part of these financial statements.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS**  
**STATEMENTS OF CASH FLOWS (CONCLUDED)**  
**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	June 30,	
	2012	2011
<b>Reconciliation of Operating Profit (Loss)</b>		
<b>to Net Cash Used by Operating Activities:</b>		
Operating Profit (Loss)	\$ (232,164)	\$ 267,617
Adjustments to Reconcile Operating Loss to		
Net Cash Used by Operating Activities:		
Depreciation	431,839	408,483
Interest Expense	66,869	69,095
Change in Current Assets and Liabilities:		
Accounts Receivable	(126,242)	(69,131)
Prepaid Items	(1,034)	(7,088)
Accounts Payable	55,815	(90,532)
Accrued Payroll and Related Liabilities	(87,422)	18,463
Accrued Vacation and Sick Leave Payable	(37,891)	(47,820)
Other Liabilities	(1,258)	4,874
Total Adjustments	300,676	286,344
<b>Net Cash Used by Operating Activities</b>	<b>\$ 68,512</b>	<b>\$ 553,961</b>



**G. B. COOLEY HOSPITAL SERVICE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

*History*

G. B. Cooley Hospital Service District (the Hospital) is a training facility that provides twenty-four hour care for individuals with mental disabilities. The Hospital was created April 11, 1962, by Ordinance Number 7127 of the Ouachita Parish Policy Jury. The Hospital provides all basic needs for each individual, including speech therapy, occupational therapy, physical therapy, psychological services, and vocational training services. The vocational training objective is to teach individuals vocational skills in order that they may be eligible for community employment.

The Hospital is a component unit of the Ouachita Parish Police Jury because the Police Jury appoints the Board and there is the potential for the Hospital to provide specific financial benefits to or impose specific financial burdens on the Ouachita Parish Police Jury. Each member of the Board of Commissioners must be a qualified voter and resident of the Hospital Service District. The Board of Commissioners consists of seven members, each appointed to a six-year term. The members receive a travel allowance of \$40 per meeting attended.

**Note 1 – Summary of Significant Accounting Policies**

*A. Basis of Accounting and Presentation*

The accompanying component unit financial statements of the Hospital have been prepared in conformity with generally accepted accounting principals (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Hospital uses the accrual basis of accounting, whereby revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred. Certain revenue sources are subject to review and audit by state agencies annually; the results of those examinations cannot be known with certainty and can result in the Hospital having to repay the state if certain conditions are not met. In the years ended June 30, 2012 and 2011, the Hospital repaid \$112,640 and \$20,859 in Title XIX revenues to the state as a result of the revenue settlement process being finalized.

*B. Reporting Entity*

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within

**G. B. COOLEY HOSPITAL SERVICE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

the reporting entity. In conformance with GASB Codification Section 2100, the Hospital is a component unit of the Ouachita Parish Police Jury. The accompanying basic financial statements present only the transactions of G. B. Cooley Hospital Service District of the Parish of Ouachita, Louisiana.

*C. Cash Equivalents*

For purposes of the Statements of Cash Flows, the Hospital considers all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents.

*D. Receivables - Bad Debts*

The Hospital has established an Allowance for Doubtful Accounts based on management's assessment of ultimate collectibility of older outstanding receivables.

*E. Property and Equipment*

Fixed assets are recorded at cost, if purchased, or at fair market value, if donated.

The original land and buildings where the Hospital is operating are owned by the Ouachita Parish Police Jury and are leased to the Hospital. They are not recorded on the books. All improvements are reflected on the books, at cost, under leasehold improvements. The Hospital has acquired additional land and buildings, which are recorded on the books at cost.

The Hospital computes depreciation using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives used to compute depreciation are as follows:

Buildings	20 - 25 Years
Leasehold Improvements	20 - 25 Years
Furniture and Equipment	5 - 20 Years
Vehicles	4 Years

Maintenance and repairs are generally charged to operations while significant betterments are capitalized. The cost and related accumulated depreciation of assets retired, or otherwise disposed of, are eliminated from the accounts with the resulting gain or loss included in income.

*F. Net Assets*

Net assets comprise the various net earnings from operations, nonoperating

**G. B. COOLEY HOSPITAL SERVICE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

revenues, expenses, and contributions of capital. Net assets are classified in the following three components:

Invested in capital assets, net of related debt – consists of all capital assets, net of accumulated depreciation, reduced by any debt that is attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on net asset use by creditors, grantors, contribution, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – consists of all other net assets that are not included in the other categories previously mentioned.

*G. Reclassifications of Prior Year Amounts*

Minor reclassifications have been made to the prior year financial statements to make them comparable to the current year presentation.

*H. Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Hospital to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**G. B. COOLEY HOSPITAL SERVICE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 2 – Cash, Cash Equivalents, and Investments**

Cash, cash equivalents, and investments consisted of the following:

	June 30,	
	2012	2011
Current Assets:		
Cash on Hand	\$ 3,094	\$ 3,319
Cash in Bank Checking and Savings Deposits	4,034,321	3,467,885
Restricted Cash	<u>122,046</u>	<u>132,700</u>
 Cash and Cash Equivalents	 <u>\$ 4,159,461</u>	 <u>\$ 3,603,904</u>
 Investments	 <u>\$ 66,453</u>	 <u>\$ 65,955</u>

*Custodial credit risk-deposits* - At year-end, as reported on the Statements of Net Assets, the book balances of the Hospital's deposits were \$4,159,461 and \$3,603,904, respectively. The Hospital's bank balances totaled \$4,312,531 at June 30, 2012. State law dictates that all funds maintained in financial institutions be supported by federal depository insurance or collateral held by the trust departments of agents of the pledging financial institutions in the Hospital's name. Of the previously mentioned bank balances, \$3,812,633 was covered by Federal depository insurance and the remaining \$499,898 was covered by pledged collateral as of June 30, 2012.

As dictated by state law, the Hospital may invest in long-term certificates of deposit or bonds, debentures, or other investments guaranteed by the United States government. The Hospital has no policy concerning the maximum amount or length of time that assets may be invested. Investments held by the Hospital at June 30, 2012 consisted entirely of certificates of deposit with maturities greater than 90 days. The Hospital had investments of \$66,453 stated at cost, which approximates market. All of this amount was covered by Federal depository insurance as of June 30, 2012.

**G. B. COOLEY HOSPITAL SERVICE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 3 – Receivables**

Receivables consisted of the following:

	June 30,	
	2012	2011
State of Louisiana:		
Title XIX - Residential	\$ 670,190	\$ 730,183
Contractual Services	615,413	426,830
Individuals' Patient Liability	-	936
Ad Valorem Taxes Receivable	5,734	7,642
Other Receivables	11,102	10,607
Total Receivables	1,302,439	1,176,198
Less: Allowance for Doubtful Accounts	(11,869)	(11,869)
Receivables, Net of Allowance		
for Doubtful Accounts	\$ 1,290,570	\$ 1,164,329

Of the 2012 and 2011 receivable balances, over ninety percent was due from governmental agencies.

**Note 4 – Property and Equipment**

Property and Equipment consisted of the following:

	June 30, 2011	Additions	Transfers	June 30, 2012
Buildings	\$ 2,705,425	\$ 161,549	\$ -	\$ 2,866,974
Furniture, Fixtures, and Equipment	822,956	105,559	-	928,515
Leased Equipment and Vehicles	340,457	189,400	(205,433)	735,290
Vehicles	679,997	-	205,433	474,564
Leasehold Improvements	1,013,621	242,713	-	1,256,334
Total Property and Equipment	5,562,456	699,221	-	6,261,677
Less: Accumulated Depreciation	(2,016,675)	(431,828)	-	(2,448,503)
Net Depreciable Assets	3,545,781	267,393	-	3,813,174
Land	328,025	12,500	-	340,525
Total Property and Equipment	\$ 3,873,806	\$ 279,893	\$ -	\$ 4,153,699

Depreciation expense was \$431,828 and \$408,483 for the years ended June 30, 2012 and 2011, respectively.

**G. B. COOLEY HOSPITAL SERVICE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 5 – Risk Financing Activities**

During the year ended June 30, 2008, the Hospital contracted with a group insurance provider to provide health insurance to substantially all employees and their families. The Hospital contributes 85% of premiums to the plan. Participants are covered up to a \$5,000,000 lifetime maximum. The Hospital contributed \$699,691 to this plan for the year ended June 30, 2012.

**Note 6 – Restricted Cash – Cash in Bank, Individuals' Funds Account and Individuals' Fund Liability**

G. B. Cooley Hospital is required under Title XIX to maintain cash that is the property of the individuals for their personal use. The amount of the individuals' cash is reflected in restricted assets as restricted cash and equivalents and in the individuals' funds liability account.

**Note 7 – Compensated Absences**

Employees of the Hospital earn vacation pay in varying amounts ranging from 80 to 160 working hours per year depending upon length of service. Vacation time in excess of 40 hours must be used by December 31<sup>st</sup> of the year in which it was earned or it will be forfeited. Employees with a minimum of 24 hours of accrued vacation time are allowed to cash in up to 75% of their accrued vacation at any time during the year. Employees who are denied vacation because of their required presence at work are allowed to carry forward excess vacation upon recommendation of their supervisor and approval by the Director of Human Resources. Subject to the above limitations, unused vacation is paid to an employee upon retirement, separation, or death at hourly rates being earned by that employee upon separation. Both full-time and part-time employees accrue sick leave according to a written formula. Sick leave may be carried forward from year to year with no limit on the number of hours that can be accrued. Upon retirement, an eligible employee is paid vacation and up to 93 hours of sick leave at the employee's hourly rate of pay at the time of retirement. Any excess sick leave at the retirement date is forfeited. Employees are eligible for retirement based on the following:

**G. B. COOLEY HOSPITAL SERVICE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

<u>Years of Service</u>	<u>Age</u>
10	60
25	55
30	Regardless of Age
Any	65

Accrued vacation and sick pay, including applicable salary-related payments, consisted of the following:

	<u>June 30,</u>	
	<u>2012</u>	<u>2011</u>
Accrued Vacation	\$ 114,119	\$ 152,010
Less: Current Portion	<u>(100,425)</u>	<u>(133,769)</u>
LONG-TERM PORTION	<u>\$ 13,694</u>	<u>\$ 18,241</u>

**Note 8 – Capital Lease Obligations**

The Hospital leases vehicles under capital leases. The monthly payment is \$16,789. Future maturities of capital lease obligations are as follows:

June 30, 2012	\$ 242,534
Less: Amount representing interest	<u>(12,147)</u>
Present value of future minimum lease payments	<u>\$ 230,387</u>
2013	\$ 107,587
2014	<u>84,049</u>
2015	<u>38,751</u>
Total	<u>\$ 230,387</u>



**G. B. COOLEY HOSPITAL SERVICE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 9 – Long Term Debt**

Long-term debt consisted of the following:

	June 30,	
	2012	2011
Capital Leases	\$ 230,387	\$ 141,473
Certificaties of Indebtedness	1,140,564	1,308,884
Total Debt	1,370,951	1,450,357
Less Current Portion	(285,028)	(244,742)
Total Long-Term Portion	<u>\$ 1,085,923</u>	<u>\$ 1,205,615</u>

Changes in Long-term debt were as follows:

	Balance, July 1, 2011	Additions	Retirements	Balance, June 30, 2012
Capital Lease Obligation	\$ 141,473	\$ 189,400	\$ (100,486)	\$ 230,387
Certificates of Indebtedness	1,308,884	-	(168,320)	1,140,564
Total Debt	<u>\$ 1,450,357</u>	<u>\$ 189,400</u>	<u>\$ (268,806)</u>	<u>\$ 1,370,951</u>

In prior years, the hospital received authorization to issue certificated of indebtedness totaling \$750,000 and \$900,000, respectively. The \$750,000 certificates carry an interest rate of 4.89% and the \$900,000 certificates carry an interest rate of 4.55%. Both sets of certificates mature over a 10-year period. Future maturities of the securities are as follows:

	\$750,000 Certificates	\$900,000 Certificates	Total
Balance as of June 30, 2012	\$ 519,130	\$ 621,434	\$1,140,564
Principal Payments in fiscal:			
2013	\$ 86,660	\$ 90,827	\$ 177,487
2014	90,994	95,047	186,041
2015	95,545	99,463	195,008
2016	100,323	104,084	204,407
2017-2019	<u>145,608</u>	<u>232,013</u>	<u>377,621</u>
Total	<u>\$ 519,130</u>	<u>\$ 621,434</u>	<u>\$ 1,140,564</u>

**G. B. COOLEY HOSPITAL SERVICE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 10 – Property Taxes**

Property taxes are levied on real and business personal property located within the boundaries of Ouachita Parish. The Ouachita Parish Tax Assessor, an elected official, determines the fair market value of all property subject to taxation, except public service properties, which are valued by the Louisiana Tax Commission. The fair market values determined by the Assessor are subject to review and approval of the Louisiana Tax Commission.

Property taxes are levied on a portion of fair market value as follows:

Land and Improvements for Residential Purposes -----	10%
Machinery, Industrial and Commercial Improvements -----	15%
Public Service Properties, Excluding Land -----	25%

The Assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

The Sheriff of Ouachita Parish is the official tax collector of property taxes levied by the parish and special districts within the Parish. The 2011 property tax calendar was as follows:

Assessment	January 1, 2011
Levy Date	November 15, 2011
Total Taxes Are Due	December 31, 2011
Lien Date	January 1, 2012

Property taxes are recorded as revenue when they become available and measurable. Property taxes are considered measurable when levied. Generally, the majority of taxes are collected before the end of the Hospital's June 30 fiscal year end.

**Note 11 – Concentrations and Uncertainties**

The Hospital receives over 80% of total revenue and support from various state agencies. Federal and state budget cuts have resulted in decreased revenue for the Hospital in the current year on a client-by-client basis. It is likely that additional cuts will be made in subsequent periods.

**G. B. COOLEY HOSPITAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

**Note 12 – Commitments**

*A. Contract and Agreement*

On April 1, 2002, the Hospital entered into an agreement with the Ouachita Parish Police Jury to jointly construct, renovate, and provide for the operation and maintenance of the facility then known as the G. B. Cooley Hospital for Retarded Citizens. The agreement requires that the Hospital maintain and operate the facilities for the exclusive purpose of caring for, treating, housing, and otherwise attending to the needs of retarded citizens who are residents of Ouachita Parish and non-residents after the needs of Ouachita Parish residents are fulfilled. Either party may construct improvements to the Hospital, at its own cost, with the improvements subject to the terms of the agreement. The agreement is for a term of 25 years beginning January 1, 2002 and ending December 31, 2026

*B. Leases - Community Homes*

The Walnut, Shannon, South Grand, Spurgeon and Texas Street Community Homes are leased from the Monroe Housing Authority. The monthly rental, calculated by the Monroe Housing Authority, is based on the amount of each individual's social security benefits. G. B. Cooley Hospital is billed monthly. The lease was executed on February 16, 1984, and will terminate after 40 years. The minimum future rentals cannot be determined and, therefore, minimum future rentals disclosures for these noncancelable operating leases are not disclosed.

Building rent expense for the year ended June 30, 2012 was \$109,700 and includes \$79,200 in lease payments to the Monroe Housing Authority.

**Note 13 – Commissioners' Fees**

Each member of the Board of Commissioners is paid a \$40 per month travel allowance for each board meeting attended.

**Note 14 – Contingencies and Other Matters**

The Hospital is the defendant in a lawsuit alleging abuse of a client under the Hospital's care. The outcome of this lawsuit is uncertain and no provision for loss, if any, has been reflected in the Hospital's financial statements.

## **SUPPLEMENTAL INFORMATION**

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS  
SCHEDULE OF PER DIEM PAID BOARD MEMBERS  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<b>June 30,</b>	
	<b>2012</b>	<b>2011</b>
Rita Goodin	\$ 320	\$ 400
Jim Hutchinson	400	480
Josie C. Roberts	400	360
Jackie Slack	360	400
Kenneth Wilson	280	280
Jimmy Bond	320	360
Owen Moses	360	400
<b>TOTAL</b>	<b>\$ 2,440</b>	<b>\$ 2,680</b>

# LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)  
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA (1963-2002)  
Francis I. Huffman, CPA  
Philip A. Ragsdale, CPA  
David Ray Soignier, CPA, MBA

John Herman, CPA  
Lynn Andries, CPA  
Esther Atteberry, CPA  
Lori Woodard, MBA, CPA

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners  
G. B. Cooley Hospital Service District  
Monroe, Louisiana

We have audited the financial statements of the business-type activities of **G. B. Cooley Hospital Service District** (the Hospital), as of and for the year ended June 30, 2012, which collectively comprise the Hospital's basic financial statements and have issued our report thereon dated December 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### *Internal Control Over Financial Reporting*

In planning and performing our audit, we considered the Hospital's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

**The Board of Commissioners  
G. B. Cooley Hospital Service District**

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management of G. B. Cooley Hospital Service District, the Board of Commissioners, others within the entity, entities granting funds to the Hospital, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Huffman, Huffman, Reynolds & Seigrist*

(A Professional Accounting Corporation)

**December 10, 2012**